EXHIBIT B

Appendix B

Audited Financial Statements for the Fiscal Years ending
June 30, 1997 and June 30, 1995

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BRADFORD COLLEGE

FINANCIAL STATEMENTS
As of June 30, 1997 and 1996

Gordon,
Harrington
& Osborn, P.C.
Certified Public Accountants

Gordon, Harrington & Osborn, P.C.
Certified Public Accountants

Richard Hart Harrington, CPA
Kenneth J. Osborn, CPA
Michael P. Rurak, CPA
Denise S. Roy, CPA

Independent Auditors' Report

To the Board of Trustees of
Bradford College

We have audited the accompanying statements of financial position of Bradford College (a non-profit organization) as of June 30, 1997 and 1996, and the related statements of activities and statements of cash flows for the years then ended. These financial statements are the responsibility of the College's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits in accordance with generally accepted auditing standards; Government Auditing Standards, issued by the Comptroller General of the United States; and the provisions of Office of Management and Budget Circular A-133, "Audits of Institutions of Higher Education and Other Nonprofit Institutions". Those standards and OMB Circular A133 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting theamounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the College at June 30, 1997 and 1996, the changes in its net assets and its cash flows for the years then ended, in conformity with generally accepted accounting principles.

As discussed in Note A, the College changed its method of accounting for contributions and has applied newly established financial reporting standards as required by the provisions of Statements of Financial Accounting Standards No.'s 116 and 117. As also discussed in Note A, the College has also elected to change its accounting recognition, measurement and disclosure requirements for investments as required by Statement of Financial Accounting Standards No. 124.

In accordance with Government Auditing Standards, we have also issued a report dated October 9, 1997 on our consideration of the College's internal control structure and a report dated October 9, 1997 on its compliance with laws and regulations.

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Our report on our audit of the basic financial statements of Bradford College for years ended June 30, 1997 and 1996 appears on page 1. We conducted our audit in accordance with generally accepted auditing standards for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedule of educational and program service is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Gordon, Harrington & Osborn

North Andover, MA
October 9, 1997

BRADFORD COLLEGE
STATEMENT OF FINANCIAL POSITION
June 30, 1997 and 1996

ASSETS	1997	1996
Current assets:		
Cash and cash equivalents	$ 66,366	$ 356,943
Accounts and notes receivable - net	118,543	66,335
Student accounts receivable - net	563,258	390,828
Dividend and interest receivable	228,814	236,463
Investments	10,569,029	10,909,967
Prepaid expenses	83,906	85,572
Unconditional and conditional promises to give - net	138,093	730,943
Deposits with trustees under long-term debt agreements	361,451	349,745
Total current assets	12,129,460	13,126,796
Property and equipment, less accumulated depreciation	6,526,635	6,824,181
Investments	4,270,464	2,889,737
Beneficial interests in perpetual trusts	6,422,585	5,657,876
Unconditional and conditional promises to give - net	409,949	117,927
Other assets	392,911	392,911
Total assets	$30,152,004	$29,009,428
LIABILITIES		
Current liabilities:		
Demand notes	$ 4,800,000	$ 4,402,103
Accounts payable and accrued liabilities	793,772	464,278
Deferred revenues	54,301	129,304
Deposits and advanced tuition	281,871	219,423
Obligations under capital leases, current portion	118,091	18,050
Current portion of bonds and notes payable	188,381	194,314
Total current liabilities	6,236,416	5,427,470
Refundable U.S. Government loan funds	198,833	198,833
Obligations under capital leases, net of current portion	167,701	7,307
Bonds and notes payable, net of current portion	6,772,498	6,960,870
Total liabilities	13,375,448	12,594,480
NET ASSETS		
Unrestricted:		
Undesignated	$ 2,675,141	$ 5,302,288
Board Designated	3,252,309	2,347,853
Temporarily Restricted	156,057	217,194
Permanently Restricted	10,693,049	8,547,613
Total net assets	16,776,556	16,414,948
Total liabilities and net assets	$30,152,004	$29,009,428

The accompanying notes are an integral part of these financial statements.

BRADFORD COLLEGE

STATEMENT OF ACTIVITIES
For the Years Ended June 30, 1997 and 1996

	1997				1996			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
evenues and gains:								
Gross tuition and fees	$ 8,078,970			$ 8,078,970	$ 7,858,211			$ 7,858,211
Less: Scholarships and student aid	(3,897,989)			(3,897,989)	(3,675,637)			(3,675,637)
Net tuition and fees	4,180,981			4,180,981	4,182,574			4,182,574
ontributions	1,204,439	$114,262	$ 37,510	1,356,211	3,023,403	$269,276	$1,546,749	4,839,428
rants, contracts and other exchange transactions	470,767			470,767	452,626			452,626
ivestment income, net of management fees	697,076			697,076	647,528			647,528
let realized gains	910,341	21,234	1,351,699	2,283,274	577,982	11,191	507,982	1,097,155
let unrealized gains	509,303	11,880	756,227	1,277,410	343,870	9,355	426,386	779,611
Aiscellaneous income	118,448			118,448	12,383			12,383
ther operating income	217,859			217,859	226,825			226,825
ales and services of auxiliary activities	2,571,370	—	—	2,571,370	2,478,181	—	—	2,478,181
Total operating revenues	10,880,584	147,376	2,145,436	13,173,396	11,945,372	289,822	2,481,117	14,716,311
Net assets released for operations	208,513	(208,513)	-	-	134,065	(134,065)	—	—
Total operating revenues and other support	11,089,097	(61,137)	2,145,436	13,173,396	12,079,437	155,757	2,481,117	14,716,311
xpenses:								
Educational and program services	10,243,375			10,243,375	10,141,553			10,141,553
General and administrative	1,512,283			1,512,283	1,388,529			1,388,529
Instructional advancement	1,056,130			1,056,130	1,228,741			1,228,741
Total expenses	12,811,788	-	-	12,811,788	12,758,823	—	—	12,758,823
Changes in net assets	(1,722,691)	(61,137)	2,145,436	361,608	(679,386)	155,757	2,481,117	1,957,488
Net assets at beginning of year	7,650,141	217,194	8,547,613	16,414,948	8,329,527	61,437	6,066,496	14,457,460
Net assets at end of year	$5,927,450	$156,057	$10,693,049	$16,776,556	$ 7,650,141	$217,194	$8,547,613	$16,414,948

The accompanying notes are an integral part of these financial statements.

BRADFORD COLLEGE

STATEMENT OF CASH FLOWS
For the Years Ended June 30, 1997 and 1996

	1997	1996
Cash Flows from Operating Activities:		
Change in net assets	$ 361,608	$1,957,488
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	1,015,945	856,402
Net realized and unrealized gains on endowments	(3,560,684)	(1,876,766)
Contributions restricted for long-term investments	(37,510)	(1,546,749)
(Increase) decrease in accounts and notes receivable	(52,208)	124,777
(Increase) decrease in dividend and interest receivable	7,649	(35,690)
Decrease in prepaid assets	1,666	447,852
(Increase) decease in pledges receivable	300,828	(99,815)
Increase in student loans	(172,430)	(129,646)
Increase (decrease) in accounts payable and accrued liabilities	329,494	(391,047)
Increase (decrease) in deferred revenues	(75,003)	64,316
Increase in deposits and advance tuition	62,465	35,274
Decrease in other liabilities		(15,850)
Donated assets	(7,500)	
Net cash used in operations	(1,825,680)	(609,454)
Cash Flow from Investing Activities:		
Transfer of funds to third party trustees	(11,706)	(273,253)
Proceeds from sales and maturities of investments	9,011,455	4,861,323
Purchases of investments	(7,255,269)	(7,049,172)
Purchase of property, plant and equipment	(1,052,908)	(1,767,562)
Deferred architectural and engineering costs charged to operations	342,008	
Net cash provided by (used in) investing activities	1,033,580	(4,228,664)
Cash Flow from Financing Activities:		
Proceeds from bond issuance, capital lease and demand note	2,108,112	5,410,000
Repayments on demand notes	(1,357,164)	(1,959,530)
Repayments of principal on capital leases, bonds and debt	(286,935)	(135,737)
Receipt of permanently restricted contributions	37,510	1,546,749
Net cash provided by financial activities	501,523	4,861,482
Net increase (decrease) in cash and cash equivalents	(290,577)	23,364
Cash and cash equivalents - beginning of year	356,943	333,579
Cash and cash equivalents - end of year	$ 66,366	$ 356,943

The accompanying notes are an integral part of these financial statements.

BRADFORD COLLEGE

NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 1997 and 1996

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

As an independent, non-profit institution chartered by the Commonwealth of Massachusetts, Bradford College is governed by a board of trustees, and accredited by the New England Association of Schools and Colleges, Inc. Founded in 1803, the College is located in Haverhill Massachusetts, on a historic 80-acre campus. The institution's mission is to provide a practical liberal arts education at the baccalaureate level in a small college setting - to a diverse group of students, primarily from the Northeast section of the United States. The College has an enrollment of approximately 570 students and is primarily supported by tuition, contributions from alumni and earnings on endowments.

Basis of Presentation

The accounts of the College are maintained on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Financial Statement Presentation

In 1995, the College adopted Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations. Under SFAS No. 117, the College is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. In addition, the College is required to present a statement of cash flows. As permitted by this new statement, the College has discontinued its use of fund accounting and has, accordingly, reclassified its financial statements to present the three classes of net assets required. This reclassification had no effect on the change in net assets for June 30, 1995.

Contributions

The College also adopted SFAS No. 116, Accounting for Contributions Received and Contributions Made, in 1995. The College previously recorded restricted funds as deferred revenue when it was notified of the funds and recognized the funds as contributions in the period to which they related. In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions. As permitted by SFAS No. 116, the College has retroactively applied the provisions of this new statement by restating net assets as of June 30, 1995. The College made an adjustment to decrease net assets as of June 30, 1995 by approximately $200,000. That adjustment represents time-restricted contributions from various sources previously reported as deferred revenue and U.S. Government loan funds refundable which were previously reported within the restricted fund balance. Under SFAS No. 116, such contributions are required to be reported as temporarily restricted support and are then reclassified to unrestricted net assets upon expiration of the time restriction.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Promises to Give

Contributions are recognized when the donor makes a promise to give to the College that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

The College uses the allowance method to determine uncollectible unconditional promises receivable. The allowance is based on prior years experience and management's analysis of specific promises made.

Investments

The College elected to adopt SFAS No. 124, Accounting for Certain Investments Held by Not-for-Profit Organizations, for the year ended June 30, 1996. Under SFAS No. 124, investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. As permitted by SFAS No. 124, the College has retroactively applied the provisions of this new Statement by restating net assets as of June 30, 1996. The effect of this new Statement on the College's change in net assets for 1996 was an increase of approximately $780,000, over what would have been reported under prior accounting principles. These effects are included in changes in unrestricted and restricted net assets.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes

The College is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

BRADFORD COLLEGE

NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 1997 and 1996

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Values of Financial Instruments

The carrying amount of cash and cash equivalents, short-term investments, accrued interest and dividends receivable, and unconditional promises to give to be received in less than one year approximate fair value because of the short maturity of those financial instruments. The fair value of unconditional promises to give to be received in more than one year is estimated based on future cash flows discounted by using a risk-free rate of return based on U.S. Treasury Securities yields with maturity dates similar to the expected collection period. The carrying amount of deposits with trustees under long-term debt agreements approximate fair value because of the nature of the investment in which the deposits are held, generally interest bearing money market accounts or U.S. Treasury notes. The carrying amounts (which are fair value) of long-term investments and beneficial interest in perpetual trusts are based upon values provided by external investment managers, quoted market values or independent trustees. In the limited cases where such values are not available, historical cost or fair value at date of contribution is used as an estimate of market value.

A reasonable estimate of the fair value of the loans to students under government loan rograms and U.S. government loan funds refundable could not be made because the notes receivable are not salable and can only be assigned to the U.S. government or its designees: the fair value of notes receivable from students under college loan programs approximate carrying value.

The carrying amount of demand notes, notes payable and bonds payable approximates fair value because those financial instruments generally bear interest at variable rates that approximate current market rates for notes with similar maturities and credit quality.

The estimated fair values of the College's financial instruments, none of which are held for trading purposes, are as follows:

	Carrying Amount	Fair Value
Financial assets:		
Cash and cash equivalents	$ 66,366	$ 66,366
Dividend and interest receivable	228,814	228,814
Unconditional promises to give	548,042	548,042
Student accounts receivable	563,258	563,258
Deposits with trustees	361,451	361,451
Long term investments	14,839,493	14,839,493
Beneficial interest in perpetual trusts	6,422,585	6,422,585

BRADFORD COLLEGE

NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 1997 and 1996

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Values of Financial Instruments (Continued)

	Carrying Value	Fair Value
Financial liabilities:		
Demand notes`	4,800,000	4,800,000
U.S. government loan funds refundable	198,833	Unknown
Long-term debt (including bonds payable)	6,960,879	6,960,879

The carrying amounts in the preceding table are included in the statement of financial position under the applicable captions.

Contributed Services

During the years ended June 30, 1997 and 1996, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded. In addition, many students and other individuals volunteer their time and perform a variety of tasks that assist the College with governance, specific programs, fund raising activities, various committee assignments, student activities, and campus and dormitory facilities.

Cash and Cash Equivalents

For purposes of the Statements of Cash Flows, the College considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Student Accounts Receivable

The College extends credit to students until their financial aid is received. The College requires no collateral but does perform ongoing evaluations of students' financial conditions, which are subject to changes in the economic condition of the New England region in particular.

Property and Equipment

Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the College reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The College reclassifies temporarily restricted net assets to unrestricted net assets at that time.

BRADFORD COLLEGE

NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 1997 and 1996

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

<u>Property and Equipment</u> (Continued)

The cost of property, plant, and equipment is depreciated over the estimated useful lives of the related assets. Leasehold improvements are depreciated over the lesser of the term of the related lease or the estimated useful lives of the assets. Depreciation is computed on the straight line method over the estimated useful lives of the assets for financial, tax and regulatory reporting purposes.

The useful lives of property, plant and equipment for purposes of computing depreciation are:

Building	20 - 66 Years
Furniture and equipment	3 - 20 Years
Leasehold improvements	Length of the leases

Maintenance and repairs are charged to operations when incurred. Betterments and renewals are capitalized. When property, plant, and equipment is sold or otherwise disposed of, the asset account and related accumulated depreciation account are relieved, and any gain or loss is included in operations.

B. CASH

The College maintains cash balances at several banks. Certain accounts at each institution are insured by the Federal Deposit Insurance Corporation up to $100,000. At times during the year, the aggregate balance at one or more institutions may exceed this insurance limit.

The College also maintains cash balances in money market funds, which are usually not insured.

In addition the College maintains accounts with several stock brokerage firms. The accounts, which contain cash and securities, may be insured up to $500,000 (with a limit of $100,000 for cash) by the Securities Investor Protection Corporation.

C. ACCOUNTS AND NOTES RECEIVABLE

Accounts receivable consisted of the following at June 30, 1997 and 1996:

	1997	1996
Miscellaneous	$ 9,148	$ 2,625
Broker receivable	78,542	37,869
Federal Government receivable	30,853	25,841
Total	$118,543	$66,335

BRADFORD COLLEGE

NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 1997 and 1996

D. PREPAID AND OTHER ASSETS

Prepaid and other assets consist of the following at June 30, 1997 and 1996:

	1997	1996
Deposits	$ 33,312	
Supplies	20,576	$ 16,346
Prepaid expenses	51,846	77,957
Bond debt issue costs - net	371,083	384,180
Total	$476,817	$478,483

Legal and accounting fees, printing costs and other expenses associated with the issuance of the $5,410,000 Massachusetts Industrial Finance Agency Variable Rate Demand Revenue Bonds (Bradford College Issue, 1995 Series A) are being amortized on the straight line method over the term of the debt. Total bond debt issue cost was $392,911. Amortization expense charged to the Statement of Activity for the years ended June 30, 1997 and 1996 was $13,097 and $8,731, respectively.

E. UNCONDITIONAL AND CONDITIONAL PROMISES TO GIVE

The College is conducting a development campaign for funds to strengthen its programs and endowment. Promises to give are unrestricted endowment.

Unconditional promises to give at June 30, 1997 and 1996, are as follows:

	1997	1996
Promises receivable in less than one year	$138,093	$ 730,943
Promises receivable in one to five years	510,436	563,467
Promises receivable after five years	16,000	32,000
Total unconditional promises to give	664,529	1,326,410
Less discounts to net present value at 7% and allowance for uncollectible pledges	(116,487)	(477,540)
Net unconditional promises to give at June 30	$548,042	$ 848,870

BRADFORD COLLEGE

NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 1997 and 1996

F. STUDENT ACCOUNTS AND LOANS RECEIVABLE - NET

Student accounts and loans receivable consist of the following at June 30, 1997 and 1996:

	1997	1996
Federal financial aid loans	$276,495	$241,238
Bradford loans	145,700	99,265
Massachusetts no interest loans	27,650	31,400
Student accounts receivable	236,035	126,294
Total	685,880	498,197
Less allowance for uncollectible amounts	(122,622)	(107,369)
Net amount	$563,258	$390,828

G. DEPOSITS WITH TRUSTEES UNDER LONG-TERM DEBT AGREEMENTS

The College is required to maintain certain reserves and sinking fund accounts under the terms of various loan and bond agreements.

The following is a summary of the required deposits at June 30, 1997 and the actual balances at June 30, 1997 and 1996:

	1997 Required Amount	1997 Funded Amount	1996 Funded Amount
Bradford Junior College Dormitory Bonds of 1962:			
Bond and interest sinking fund	$ 49,000	$ 67,313	$ 66,308
Equipment repair & replacement reserve	7,500	10,605	7,502
MIFA Variable Rate Demand Revenue Bonds 1995:			
Bond and interest sinking fund	67,733	69,761	67,733
College Housing Academic Facilities Loan 1992:			
Debt service reserve account	102,680	122,622	119,303
Debt service payment account	51,331	91,150	88,899
Total	$278,244	$361,451	$349,745

H. PROPERTY AND EQUIPMENT

The College's property and equipment consisted of the following at June 30:

	1997	1996
Buildings, land and grounds	$12,588,044	$12,238,703
Furniture and equipment	4,951,566	4,374,575
Total investment in plant and property	17,539,610	16,613,278
Less accumulated depreciation and amortization	11,297,361	10,281,417
Net depreciable property	6,242,249	6,331,861
Construction in progress	181,236	396,670
Art and artifacts	103,150	95,650
Net investment in property	$ 6,526,635	$ 6,824,181

Depreciation expense charged to operations for the year ended June 30, 1997 and 1996 was $1,015,945 and $856,402, respectively.

BRADFORD COLLEGE

NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 1997 and 1996

I. INVESTMENTS

Investments in marketable securities with readily determinable fair values are stated at fair value.

	Cost	Fair Value	Unrealized Appreciation (Depreciation)
Investors Bank & Trust:			
Equities	$ 7,019,240	$10,197,967	$3,178,727
Government and agency bonds	3,605,639	3,636,961	31,322
Corporate bonds	799,880	780,450	(19,430)
	11,424,759	14,615,378	3,190,619
Fleet Bank & Trust:			
Equities	81,381	80,253	(1,128)
Bonds	27,365	47,958	20,593
Money markets	2,322	2,322	-
	111,068	130,533	19,465
Non-marketable securities	65,805	65,805	-
Cash surrender value life insurance	27,777	27,777	-
Total long-term investments	$11,629,409	$14,839,493	$3,210,084

Non-marketable securities consist of 205 shares Class B and 27 shares Class C stock of Jersey Shore Steel (a nonpublic corporation) with a carrying value of $65,805, which has no ready market. However, these securities are currently paying dividends and have been appraised at $1,350 per share for Jersey Shore Steel's Employee Stock Ownership Plan as of June 30, 1997 and 1996.

The following schedule summarizes the investment return and its classification in the statement of activities for the year ended June 30, 1997:

	1997			
	Unrestricted	Temporarily Restricted	Permanently Restricted	1997 Total
Realized gain on sale of investments	$ 910,341	$21,234	$1,351,699	$2,283,274
Investment income	697,076	-	-	697,076
Unrealized gain	509,303	11,880	756,227	1,277,410
Total investment return	$2,116,720	$33,114	$2,107,926	$4,257,760

	1996			
	Unrestricted	Temporarily Restricted	Permanently Restricted	1996 Total
Realized gain on sale of investments	$ 577,982	$11,191	$507,982	$1,097,155
Investment income	647,528	-	-	647,528
Unrealized gain	343,870	9,355	426,386	779,611
Total investment return	$1,569,380	$20,546	$934,368	$2,524,294

BRADFORD COLLEGE

NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 1997 and 1996

I. INVESTMENTS (Continued)

Expenses relating to investment revenues, including custodial fees and investment advisory fees, amounted to $92,591 for 1997 and $89,200 for 1996.

The average annual yield exclusive of changes in market value was 25.6% and 15.7% for 1997 and 1996 and the total annual return including changes in market value was 28.6% and 18.3% for the years ended June 30, 1997 and 1996, respectively.

The following tabulation summarizes changes in relationships between the cost and market values of the pooled assets:

	Market	Cost	Net Gains
End of year	$14,839,493	$11,629,409	$3,210,084
Beginning of year	$13,799,704	$11,101,244	2,698,460
Unrealized net gain for year			511,624
Realized net gain for year			2,283,274
Total net gain for year			$2,794,898

J. BENEFICIAL INTEREST IN PERPETUAL TRUSTS

Beneficial interests in perpetual trusts is an arrangement in which a donor has established and funded a perpetual trust which is being administered by the Greater Kansas City Community Foundation, an independent trustee. Under the terms of the trust, the College has the irrevocable right to receive the income earned on the trusts assets in perpetuity, but will never receive the assets held in trust. Distributions received by the College have not been restricted by the donor, and can be used in any way that is consistent with its mission.

This arrangement has been recognized by the College as contribution revenue and as an asset when the college was notified of the trusts existence. The fair value of the contributions have been measured by the fair value of the assets contributed to the trust, and has been classified as permanently restricted support.

Annual distributions from the trust are reported as investment income that increase unrestricted net assets. Adjustments to the amount reported as an asset, based upon an annual review using the same basis as was used to measure the asset initially, is recognized as permanently restricted gains or losses.

Estimated annual income is as follows:

1998	305,000
1999	325,000
2000	325,000

J. BENEFICIAL INTEREST IN PERPETUAL TRUSTS (Continued)

The above is estimated at 5% of the endowment funds fair market value as reported by the independent trustee.

K. DEMAND NOTES

In June, 1996, the College renewed its existing Demand Discretionary line of credit with Family Bank for $4,800,000. At June 30, 1997 and 1996, $4,800,000 and $4,402,103, respectively, was outstanding on this line of credit. Advances on this line bear interest priced at a floating rate equal to the bank's base rate and are secured by the College's fixed income endowment funds.

L. DEFERRED REVENUES

Deferred revenues result primarily from unexpired conditional grant awards that are reported as refundable advances until they are spent for the purposes of the grants.

M. DEPOSITS AND ADVANCE TUITION

Deposits and advance tuition results from the College recognizing registration and tuition revenue in the period in which the related educational instruction is performed. Accordingly, registration and tuition fees received for the next school term are deferred until the instruction commences.

N. OBLIGATIONS UNDER CAPITAL LEASES

Leases that meet the criteria of capital leases have been capitalized and the related office equipment is included in furniture and equipment in the following amounts:

	1997	1996
Furniture and equipment	$437,491	$145,259
Less: Accumulated amortization included in depreciation expense	(104,200)	(102,386)
	$333,291	$ 42,873

Minimum future lease payments under capital leases as of June 30, 1997 for each of the next five years and in the aggregate are:

June 30, 1998	$137,152
1999	133,248
2000	44,416
Total minimum lease payments	314,816
Less amount representing interest	(29,024)
Present value of net minimum lease payments	$285,792

BRADFORD COLLEGE

NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 1997 and 1996

O. BONDS AND NOTES PAYABLE

	1997	1996
Bradford Junior College Dormitory bonds of 1962	$ 215,000	$ 255,000
MIFA Variable Rate Demand Revenue Bonds 1995	5,310,000	5,410,000
College Housing Academic Facilities Loan 1992	1,398,640	1,423,351
Note Payable to Food Service Contractor	24,912	34,877
Note Payable to Family Bank	12,327	31,956
Total	6,960,879	7,155,184
Less current portion	(188,381)	(194,314)
Amount due after one year	$6,772,498	$6,960,870

The aggregate amount of long-term debt matures as follows:

June 30, 1998	$ 188,381
1999	182,509
2000	179,061
2001	175,731
2002	174,220
Thereafter	6,060,977
Total	$6,960,879

Bradford Junior College Dormitory Bonds of 1962

Mortgage bonds payable, collateralized under the mortgage indenture by two dormitories with a carrying value of approximately $255,000, are due in annual principal payments on October 1. The principal payment due accelerated to $35,000 on October 1, 1991 and accelerated to $40,000 on October 1, 1995 and will accelerate to $45,000 on October 1, 1999 with the final payment on October 1, 2002. Interest at 3-3/8% is payable semi-annually.

The original indenture for these bonds required a two-year reserve sinking fund. As of June 30, 1977, the Department of Housing and Urban Development granted approval to amend the indenture to provide a one-year reserve requirement in place of the two-year requirement. During October 1982, the Department of Education agreed to waive the reserve requirements for the five year period 1982-1987 and allowed the College to refrain from making any deposits into the Bond and Interest Sinking Fund and Repair and Replacement Reserve Accounts during that period.

During September 1987, the Department of Education reinstated the reserve requirements whereby the College must make deposits into the Bond and Interest Sinking Fund and Repair and the Replacement Reserve Accounts in accordance with the provision of the bond indenture.

O. LONG-TERM DEBT (Continued)

Bradford Junior College Dormitory Bonds of 1962 (Continued)

Under the indenture, the College is not required to contribute more than $33,000 on any March or September 15th from its own funds to satisfy the requirements of the bond indenture. On each March 15th and September 15th, the College is required to attain balances of $73,000 and $88,000 with funds from the Project Revenue Account and its general fund for the period of 1987 through 1990. On October 1, 1991, the annual principal payment increased $5,000, thus the required balance in the Bond and Interest Sinking Fund increased to $75,500 at March 15th and $93,000 at September 15th.

The indenture requires that any amount in the Project Revenue Account in excess of the required semi-annual transfers to the Bond and Interest Sinking Fund Account be transferred to the Repair and Replacement Reserve Account as follows:

(a) Up to $2,500 to the equipment reserve until such account equals $45,000;
(b) Up to $5,000 to the repair reserve account.

MIFA Variable Rate Demand Revenue Bonds 1995

Mortgage bonds payable, collateralized under the mortgage indenture by an irrevocable transferable letter of credit of the Family Mutual Savings Bank. The bonds are subject to mandatory redemptions from sinking fund installments at their principal amounts, at par, plus accrued interest to the redemption date of October 1 of each year. Monthly deposits are required to be made to the Bond Sinking Fund equal to 1/12 of the regularly scheduled principal payment coming due plus interest calculated using a blended weekly rate. Payments are made via a draw on the Family Mutual Savings Bank Letter of Credit, which is immediately reimbursed by Bradford Funds. Mandatory redemptions are $100,000 per year through 2010 and increase thereafter until maturity in the year 2025. The bonds have been issued in the "weekly mode" and therefore interest is calculated based upon a weekly rate. The maximum interest rate is 12%.

College Housing Academic Facilities Loan 1992

On August 20, 1992, the College executed a loan agreement with the U.S. Department of Education to assist in financing a renovation project for its academic facilities pursuant to Title VII -F of the Higher Education Act of 1965, as amended. The project consisted of boiler replacements, asbestos removal, window repairs and replacements, and handicapped accessibility within Academy, Hasseltine and Denworth Halls. This loan, in an original principal sum of $1,500,000, bears interest at 5 ½% per annum. Principal and interest is payable in equal semi-annual installments of $51,330 over a term of 30 years commencing with the first payment on February 1, 1993 and ending August 1, 2022.

BRADFORD COLLEGE

NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 1997 and 1996

O. LONG-TERM DEBT (Continued)

College Housing Academic Facilities Loan 1992 (Continued)

The loan is secured by a mortgage dated August 20, 1992 which is collateralized by certain land and buildings known as "The Academy Hall Complex". These properties include Academy, Hasseltine and Denworth Halls and the gymnasium and boiler room. In addition, security also includes all furniture, furnishings and equipment now located in Academy Hall, or hereafter acquired and a pledge of tuition and fees as they become due to the College.

Under the terms of this loan agreement, the College is required to:

- Establish a "Debt Service Payment Account" into which the College shall deposit on or before each September 15 and March 15 the sum of $51,331 in order to meet the payment to principal and interest due on each semi-annual payment date.
- Establish a "Debt Service Reserve Account" into which the College shall deposit on or before each September 15 and March 15, the sum of $12,835 until $102,680 has been accumulated. Thereafter, the college is required to maintain the Debt Service Reserve Account in the amount of $102,680.

These separate accounts are required to be established in a bank which is a member of the Federal Deposit Insurance Corporation and to be maintained so long as the note is outstanding.

Note Payable to Food Service Contractor

Note payable to Aramark Corporation in the principal amount of $49,824, dated January 1, 1995, non-interest bearing, collateralized by equipment, is payable in 260 weekly payments of $192.

Note Payable to Family Bank

Note payable to Family Mutual Savings Bank in the principal amount of $57,000, dated January 26, 1995, at an interest rate of 8.5%, collateralized by securities, is payable in 36 monthly payments of $1,799.

P. NET ASSETS

Unrestricted board designated net assets:

Unrestricted board designated net assets include an amount designated by the Board of Trustees for the following purposes:

	1997	1996
Scholarships, memorial awards and prizes	$ 911,244	$ 857,000
Library acquisitions	22,577	25,500
Lecture series	32,685	56,700
Faculty development and chairs	487,635	623,800
General college programs and operations	1,798,168	784,853
	$3,252,309	$2,347,853

BRADFORD COLLEGE

NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 1997 and 1996

P. NET ASSETS (Continued)

Temporarily restricted net assets:

Temporarily restricted net assets are available for the following purposes or periods:

	1997	1996
Faculty development (Info technology)	$ 74,123	$176,720
Establishment of a chair (professorship) for Art History Theory	-	11,045
Establishment of a cooperative effort for disadvantaged children	-	11,045
Financial aid for music, theater and special students	-	13,900
General purpose	-	4,484
National Science Grant	25,500	-
Women's Career Center	33,006	-
Establishment of a Service Learning Program	23,428	-
	$156,057	$217,194

Permanently restricted net assets:

Permanently restricted net assets are restricted to:

Gifts for which the donor has permanently restricted the principal, but the income from which is expendable to support:

	1997	1996
Scholarships, memorial awards and prizes	$2,608,131	$2,084,840
Faculty development and chairs	592,723	473,800
Lecture series	56,420	45,100
Library operations	33,527	26,800
General college operations	7,402,248	5,917,073
	$10,693,049	$8,547,613

Certain amounts of net assets have been reclassified as of June 30, 1995 to more appropriately reflect the intentions of the donors.

Q. TUITION, BOARD AND ROOM

For the years ended June 30, 1997 and 1996, tuition, board and room has been reported net of student aid and federal and state student financial aid grants as follows:

	1997	1996
Tuition	$8,078,970	$7,858,211
Board and room	2,571,370	2,478,181
Less student financial aid gains:		
Bradford funds	(3,468,110)	(3,269,745)
Federal and state funds	(429,879)	(405,892)
Net tuition, board and room	$6,752,351	$6,660,755

BRADFORD COLLEGE
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 1997 and 1996

R. RETIREMENT PLANS

The College sponsors a defined contribution retirement plan that covers all full-time employees who have attained the age of 26 and have completed one year of service. Employees contribute 5% and the College contributes 10% of the participating employees' earnings. In 1997 and 1996, the College's contribution totaled approximately $370,115 and $367,000, respectively.

S. CONTINGENCIES

The College has entered into an agreement with the Massachusetts Education Loan Authority to sell student loans to the Authority on a recourse basis.

Federally funded financial aid programs are subject to special audit. Such audits could result in claims against the resources of the college. No provision has been made for any liabilities that may arise from such audits since the amounts, if any, cannot be determined at this date.

The College is a defendant in several lawsuits filed by four of its former employees for alleged disability and/or discrimination. Claims have been filed against the College by a former student regarding grading policy, and a former employee regarding vacation policy. The College believes the suits are completely without merit and intends to vigorously defend its position.

T. RELATED PARTY TRANSACTIONS

In the normal course of business, the College may purchase certain supplies and services from firms with which various members of its Board of Trustees are affiliated. During 1997 and 1996 no related party transactions occurred.

U. ADVERTISING COSTS

The College expenses the costs of advertising as they are incurred. Advertising expense for the years ended June 30, 1997 and 1996 were minimal.

V. COMPENSATED ABSENCES

Employees of the college are entitled to paid vacation, paid sick days and personal days off depending on job classification, length of service and other factors. The estimated cost of compensation relating to vacation is accrued for on a monthly basis, however, it is impractical to estimate the amount of compensation for future absences regarding sick and personal days. Management believes that these amounts are not material. Accordingly, no liability has been recorded in the accompanying financial statements for these items. The College's policy is to recognize sick and personal costs of compensated absences when they are actually paid to employees.

W. DEVELOPMENT EXPENSES

The College incurred expenses for the years ending June 30, 1997 and 1996 amounting to [illegible]130 and $1,228,741, respectively, relating to development and fund raising. Such amounts are included in the accompanying statement of activities for the respective years.

BRADFORD COLLEGE

SCHEDULE OF EDUCATIONAL AND PROGRAM SERVICE
June 30, 1997 and 1996

	1997	1996
Instructional	$ 2,797,962	$ 2,717,951
Instructional support	741,577	1,393,246
Student services	1,605,337	1,548,835
General institutional	2,353,724	1,850,732
Auxiliary expenditures	978,204	903,961
Maintenance	1,766,571	1,726,828
Total	$10,243,375	$10,141,553

The accompanying notes are an integral part of these financial statements.

BRADFORD COLLEGE

FINANCIAL STATEMENTS
As of June 30, 1995 and 1994

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Gordon, Harrington & Osborn, P.C.
Certified Public Accountants

Richard Hart Harrington, CPA
Kenneth J. Osborn, CPA
Michael P. Rurak, CPA

Independent Auditors' Report

To the Board of Trustees of
Bradford College

We have audited the accompanying balance sheets of Bradford College (a non-profit organization) as of June 30, 1995 and 1994, and the related statements of current fund revenues, expenditures and other changes and statements of changes in fund balances for the years then ended. These financial statements are the responsibility of the College's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bradford College as of June 30, 1995 and 1994, and its current fund revenues, expenditures, and other changes in fund balances for the years then ended in conformity with generally accepted accounting principles.

North Andover, MA
October 20, 1995

Gordon, Harrington & Osborn

30 Massachusetts Avenue, North Andover, MA 01845-3413 • Tel. (508) 689-0601 • Fax (508) 794-0077

BALANCE SHEETS
As of June 30, 1995 and 1994

ASSETS

	1995	1994
Cash (including certificate of deposit maturing currently)	$ 333,579	$ 278,622
Student notes and accounts receivable, net of allowance of $46,191 and $56,000, respectively (Note A)	218,957	214,872
Other receivables, net of allowance of $9,809 and $ -0-, respectively (Note K)	409,253	239,052
Pledges and grants receivable, net of allowance of $240,761 and $400,000, respectively (Notes A & P)	775,209	311,954
Prepaid and deferred expenses	926,335	686,015
Plant and equipment, net (Notes A, D & G)	5,913,021	5,495,665
Investments (Notes A & B)	9,046,185	10,667,959
Funds held by others (Note B)	3,750,000	2,500,000
Cash surrender value of life insurance	20,054	17,133
Dormitory bond sinking fund (Notes C & L)	76,492	62,517
Total assets	$21,469,085	$20,473,789

LIABILITIES

	1995	1994
Accounts payable and accrued expenses	$ 860,494	$ 448,943
Notes and leases payable (Notes F, G, H & R)	7,972,909	7,478,173
Mortgage bonds payable (Notes C & L)	295,000	330,000
Deposits held in custody for others	6,328	34,168
Deposits and advance tuition	177,821	217,612
Deferred income	63,738	36,796
Contingencies (Note N)	14,136	14,136
Total liabilities	9,390,426	8,559,828

FUND BALANCES

	1995	1994
Unrestricted	(2,229,717)	(238,795)
Restricted	12,697,056	10,575,666
Board designated	1,611,320	1,577,090
Total fund balances	12,078,659	11,913,961
Total liabilities and fund balances	$21,469,085	$20,473,789

The accompanying notes are an integral part of these financial statements.

BRADFORD COLLEGE

BALANCE SHEET
As of June 30, 1995

	Current Funds: Unrestricted	Current Funds: Restricted & Designated	Consolidated Funds	Funds Held by Others	Life Income Funds	Perkins Loan Funds	Plant Funds	Cash Reserve Funds (Note J)	Total
ASSETS									
Cash	$ 323,733		$ 7,577			$ 2,269			$ 333,579
Student notes and accounts receivable, net of allowance of $46,191 (Note A)						218,957			218,957
Other receivables, net of allowance of $9,809 (Note K)	211,465		196,643		$ 1,145				409,253
Pledges & grants receivable, net of allowance of $240,761 (Notes A & P)		$ 26,154	749,055						775,209
Prepaid and deferred expenses	171,238		755,097						926,335
Plant, net (Notes A, D & G)							$5,913,021		5,913,021
Investments (Notes A & B)	65,805		8,945,923		34,457				9,046,185
Funds held by others (Note B)				$3,750,000					3,750,000
Cash surrender value of life insurance		20,054							20,054
Dormitory bond sinking fund (Notes C & L)							76,492		76,492
Interfund accounts, net (Notes I & O)	657,226	85,295	1,197,193		8,401	(1,652)	(2,358,239)	$411,776	
Total assets	$1,429,467	$131,503	$11,851,488	$3,750,000	$44,003	$219,574	$3,631,274	$411,776	$21,469,085
LIABILITIES									
Accounts payable & accrued expenses	$ 458,530		$ 16,687				$ 385,277		$ 860,494
Notes and leases payable (Notes F, G, H & R)	5,000,000						2,972,909		7,972,909
Mortgage bonds payable (Notes C & L)							295,000		295,000
Deposits held in custody for others		$ 6,328							6,328
Deposits and advance tuition	177,821								177,821
Deferred income		63,738							63,738
Contingencies (Note N)	14,136								14,136
Total liabilities	5,650,487	70,066	16,687				3,653,186		9,390,426
FUND BALANCES (DEFICIT)									
Unrestricted	(4,221,020)		2,091,962				(100,659)		(2,229,717)
Restricted		61,437	8,202,568	$3,750,000	$44,003	$219,574	78,747	$340,727	12,697,056
Board designated			1,540,271					71,049	1,611,320
Total fund balances (deficit)	(4,221,020)	61,437	11,834,801	3,750,000	44,003	219,574	(21,912)	411,776	12,078,659
Total liabilities and fund balances	$1,429,467	$131,503	$11,851,488	$3,750,000	$44,003	$219,574	$3,631,274	$411,776	$21,469,085

The accompanying notes are an integral part of these financial statements.

BRADFORD COLLEGE

BALANCE SHEET
As of June 30, 1994

	Current Funds: Unrestricted	Current Funds: Restricted & Designated	Consolidated Funds	Funds Held by Others	Life Income Funds	Perkins Loan Funds	Plant Funds	Cash Reserve Funds (Note J)	Total
ASSETS									
Cash	$ 169,848		$ 107,365			$ 1,409			$ 278,622
Student notes and accounts receivable, net of allowance of $56,000 (Note A)	11					214,861			214,872
Other receivables (Note K)	145,440		71,321		$ 1,191		$ 21,100		239,052
Pledges & grants receivable, net of allowance of $400,000 (Notes A & P)		$ 14,293	297,661						311,954
Prepaid and deferred expenses	686,015								686,015
Plant, net (Notes A, D & G)							5,495,665		5,495,665
Investments (Notes A & B)	65,805		10,570,494		31,660				10,667,959
Funds held by others (Note B)				$2,500,000					2,500,000
Cash surrender value of life insurance		17,133							17,133
Dormitory bond sinking fund (Notes C & L)							62,517		62,517
Interfund accounts, net (Notes I & O)	963,819	83,341	451,184		(500)		(1,909,620)	$411,776	
Total assets	$2,030,938	$114,767	$11,498,025	$2,500,000	$32,351	$216,270	$3,669,662	$411,776	$20,473,789
LIABILITIES									
Accounts payable & accrued expenses	$ 400,923		$ 16,582		$ 1,003		$ 30,435		$ 448,943
Notes and leases payable (Notes F, G, H & R)	4,500,000						2,978,173		7,478,173
Mortgage bonds payable (Notes C & L)							330,000		330,000
Deposits held in custody for others		$ 34,168							34,168
Deposits and advance tuition	217,612								217,612
Deferred income		36,796							36,796
Contingencies (Note N)	14,136								14,136
Total liabilities	5,132,671	70,964	16,582		1,003		3,338,608		8,559,828
FUND BALANCES (DEFICIT)									
Unrestricted	(3,101,733)		2,596,655				266,283		(238,795)
Restricted		43,803	7,378,747	$2,500,000	31,348	$216,270	64,771	$340,727	10,575,666
Board designated			1,506,041					71,049	1,577,090
Total fund balances (deficit)	(3,101,733)	43,803	11,481,443	2,500,000	31,348	216,270	331,054	411,776	11,913,961
Total liabilities and fund balances	$2,030,938	$114,767	$11,498,025	$2,500,000	$32,351	$216,270	$3,669,662	$411,776	$20,473,789

The accompanying notes are an integral part of these financial statements.

BRADFORD COLLEGE

STATEMENTS OF CURRENT FUND REVENUES, EXPENDITURES AND OTHER CHANGES
For the Years Ended June 30, 1995 and 1994

	1995 Unrestricted	1995 Restricted & Designated	1995 Total	1994 Unrestricted	1994 Restricted & Designated	1994 Total
Revenue:						
Educational and general:						
Tuition, board and room, net (Note 6)	$ 3,970,110		$ 3,970,110	$ 3,431,971		$3,431,971
Other operating income	280,419		280,419	128,357	$ 80	128,437
Miscellaneous income	61,733		61,733	60,300		60,300
Gifts and grants	491,207	$ 145,074	636,281	575,570	137,876	713,446
Federal and state student financial aid grants	319,084		319,084	322,043		322,043
Investment income	25,741	2,922	28,663	25,084	2,839	27,923
Consolidated fund income	958,200		958,200	882,977		882,977
Total educational and general	6,106,494	147,996	6,254,490	5,426,302	140,795	5,567,097
Auxiliary activities	2,337,082		2,337,082	1,967,476		1,967,476
Total revenues	8,443,576	147,996	8,591,572	7,393,778	140,795	7,534,573
Expenditures and mandatory transfers:						
Educational and general:						
General administration	1,282,533		1,282,533	1,140,488		1,140,488
Student services	1,434,564	4,912	1,439,476	1,328,218	3,150	1,331,368
General institutional	769,742		769,742	552,179		552,179
Institutional advancement	692,015		692,015	766,704		766,704
Instruction	2,542,217	123,450	2,665,667	2,482,844	221,164	2,704,008
Library and instructional support	669,122		669,122	613,069	11,077	624,146
Maintenance	1,615,538		1,615,538	1,150,047		1,150,047
Total educational and general	9,005,731	128,362	9,134,093	8,033,549	235,391	8,268,940
Auxiliary activities:						
Expenditures	748,365		748,365	1,002,728		1,002,728
Mandatory transfer (Notes C & L)	45,547		45,547	46,728		46,728
Total auxiliary activities	793,912		793,912	1,049,456		1,049,456
Total expenditures and mandatory transfers	9,799,643	128,362	9,928,005	9,083,005	235,391	9,318,396
Excess (deficit) of revenues over expenditures and mandatory transfers	(1,356,067)	19,634	(1,336,433)	(1,689,227)	(94,596)	(1,783,823)
Transfers to plant fund:						
Purchase of plant and equipment (net)	(173,499)		(173,499)	(120,264)	(20,167)	(140,431)
Debt reserve & installment debt reduction	(89,721)		(89,721)	(124,890)		(124,890)
Transfer (to) from consolidated fund	500,000	(2,000)	498,000	500,000		500,000
Total increase (decrease) in current funds	$(1,119,287)	$ 17,634	$(1,101,653)	$(1,434,381)	$ (114,763)	$(1,549,144)

The accompanying notes are an integral part of these financial statements.

BRADFORD COLLEGE

STATEMENTS OF CHANGES IN FUND BALANCES
For the Years Ended June 30, 1995 and 1994

	Unrestricted	Restricted & Designated	Consolidated Funds	Funds Held by Others	Life Income Funds	Perkins Loan Funds	Plant Funds	Cash Reserve Funds	Total
Balance (deficit) June 30, 1993	$(1,667,352)	$158,566	$ 8,251,176	$1,250,000	$52,118	$206,119	$700,393	$411,785	$ 9,362,805
Additions:									
Revenues	6,510,801	2,919	929,194	93,750	9,230	13,947	2,034	1	7,561,876
Gifts, grants and fees		137,876	3,694,475	1,250,000	460				5,082,811
Deductions:									
Expenditures	(9,036,277)	(235,391)	(104,175)		(30,460)	(3,796)	(683,422)	(10)	(10,093,531)
Transfers from (to) other funds:									
Consolidated income	882,977		(789,227)	(93,750)					
Consolidated fund, general purposes	500,000		(500,000)						
Debt reserve	(12,836)						12,836		
Mandatory transfer	(46,728)						46,728		
Installment debt reduction	(112,054)						112,054		
Fixed asset acquisitions	(120,264)	(20,167)					140,431		
Net increase (decrease) for the year	(1,434,381)	(114,763)	3,230,267	1,250,000	(20,770)	10,151	(369,339)	(9)	2,551,156
Balance (deficit) June 30, 1994	(3,101,733)	43,803	11,481,443	2,500,000	31,348	216,270	331,054	411,776	11,913,961
Additions:									
Revenues	6,994,169	2,922	1,104,696	156,250	3,570	8,342	1,140		8,271,089
Gifts, grants and fees	491,207	145,074	1,279,956	1,250,000	12,073				3,178,310
Deductions:									
Expenditures	(9,754,096)	(128,362)	(607,415)		(2,988)	(5,038)	(786,802)		(11,284,701)
Transfers from (to) other funds:									
Consolidated income	958,200		(801,950)	(156,250)					
Consolidated fund, general purposes	500,000	(2,000)	(498,000)						
Debt reserve	(12,836)						12,836		
Mandatory transfer	(45,547)						45,547		
Installment debt reduction	(76,885)						76,885		
Fixed asset acquisitions	(173,499)		(123,929)				297,428		
Net increase (decrease) for the year	(1,119,287)	17,634	353,358	1,250,000	12,655	3,304	(352,966)	0	164,698
Balance (deficit) June 30, 1995	$(4,221,020)	$ 61,437	$11,834,801	$2,750,000	$44,003	$219,574	$(21,912)	$411,776	$12,078,659

The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 1995 and 1994

. Summary of Significant Accounting Policies:

Basis of statements -

The financial statements of Bradford College have been prepared on the accrual basis. The statement of current fund revenues, expenditures, and other changes is a statement of financial activities of current funds related to the current reporting period. It does not purport to present the results of operations or the net income or a statement of revenues and expenses.

To the extent that current funds are used to finance plant assets, the amounts so provided are accounted for as (1) expenditures, in the case of normal replacement of movable equipment and library books; (2) mandatory transfers, in the case of provisions for debt amortization and interest and equipment renewal and replacement; and (3) as transfers of a nonmandatory nature of all other cases.

Fund accounting -

In order to ensure the observance of limitations and restrictions placed on the use of the resources available to the College, the accounts of the College are maintained in accordance with the principles of "fund accounting". This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds that are in accordance with activities or objectives specified. Separate accounts are maintained for each fund; however, in the accompanying financial statements, funds having similar characteristics have been combined into major fund groups. All financial transactions have been recorded and reported by these fund groups.

Within each fund group, fund balances restricted by outside sources are so indicated and are distinguished from unrestricted funds allocated to specific purposes by action of the governing board. Externally restricted funds may only be utilized in accordance with the purposes established by the source of such funds and are in contrast with unrestricted funds over which the governing board retains full control to use in achieving any of its institutional purposes.

Consolidated funds are subject to the restrictions of gift instruments requiring in perpetuity that the principal be invested and the income only be utilized.

A. Summary of Significant Accounting Policies: (Continued)

Fund accounting (continued) -

All gains and losses arising from the sale, collection, or other disposition of investments and other noncash assets are accounted for in the fund which owns such assets. Ordinary income derived from investments, receivables, and the like, is accounted for in the fund owning such assets, except for income derived from investments of consolidated and similar funds, which income is accounted for in the fund to which it is restricted or, if unrestricted, as revenues in unrestricted current funds.

All other unrestricted revenue is accounted for in the unrestricted current fund. Restricted gifts, grants, appropriations, endowment income, and other restricted resources are accounted for in the appropriate restricted funds. Restricted current funds are reported as revenues and expenditures when expended for current operating purposes.

Plant -

Property, plant and equipment are stated at cost, or fair market value at the date of donation, less accumulated depreciation and amortization. Depreciation is computed on the straight-line basis over the estimated useful lives of the assets, and amortization is computed over the remaining life of the lease.

Accounts receivable -

The College extends credit to students until their financial aid is received. The College requires no collateral but does perform ongoing evaluations of students' financial conditions, which are subject to changes in the economic condition of the New England region in particular.

Pledges receivable -

The College recognizes income from pledges as contributions upon receipt of the pledges and makes provision for estimated unrealizable pledges.

Consolidated investment funds -

Assets of funds with no prohibiting restrictions thereon are pooled for investment purposes. Investment income is allocated to the participating funds based on their share in the total investment pool as determined by the market value method.

NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 1995 and 1994

A. Summary of Significant Accounting Policies: (Continued)

Income taxes -

The College is an exempt organization for federal income tax purposes under section 501(c)(3) of the Internal Revenue Code.

Reclassifications -

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

B. Investments:

Investments are recorded at cost with the exception of those received by gift or bequest which are carried at the assigned value at the date of acquisition. Current fund investments of 205 shares Class B and 27 shares Class C stock of Jersey Shore Steel, with a carrying value of $65,805 in 1995 and 1994, have no ready market; however, they are currently paying dividends and have been appraised at $1,350.00 and $1,350.00 per share for Jersey Shore Steel's employee benefit program as of June 30, 1995 and 1994, respectively.

The investments of the College at June 30, 1995 and 1994 are summarized below:

	Carrying amount		Quoted market	
	1995	1994	1995	1994
Current funds	$ 65,805	$ 65,805	$ -0-	$ -0-
Consolidated funds (pooled)	8,945,923	10,570,494	11,281,819	11,774,974
Separately invested funds	34,457	31,660	43,335	37,521
Total	$9,046,185	$10,667,959	$11,325,154	$11,812,495

The following tabulation summarizes changes in relationships between the cost and market values of the pooled assets:

	Market	Cost	Net gains
End of year	$11,325,154	$ 9,046,185	$2,278,969
Beginning of year	$11,812,495	$10,667,959	1,144,536
Unrealized net gain for year			1,134,433
Realized net gain for year			609,577
Total net gain for year			$1,744,010

B. Investments: (Continued)

Funds held by others is comprised of investment assets held by the Kansas City Community Foundation, an independent trustee. The income from these investments is for the exclusive benefit of Bradford College.

C. Bonds Payable:

Mortgage bonds payable, collateralized under the mortgage indenture by two dormitories with a carrying value of approximately $295,000, are due in annual principal payments on October 1. The principal payment due accelerated to $35,000 on October 1, 1991 and will accelerate to $40,000 on October 1, 1995 and $45,000 on October 1, 1999 with the final payment on October 1, 2002. Interest at 3-3/8% is payable semi-annually.

The aggregate amount of mortgage bonds payable maturing over the next five years is as follows:

June 30,	1996	$ 40,000
	1997	40,000
	1998	40,000
	1999	40,000
	2000	45,000
	Thereafter	90,000
		$295,000

The original indenture for these bonds required a two-year reserve sinking fund. As of June 30, 1977, the Department of Housing and Urban Development granted approval to amend the indenture to provide a one-year reserve requirement in place of the two-year requirement. During October 1982, the Department of Education agreed to waive the reserve requirements for the five year period 1982-1987 and allowed the College to refrain from making any deposits into the Bond and Interest Sinking Fund and Repair and Replacement Reserve Accounts during that period (see Note L). Principal and interest payments for 1995 and 1994 were made from current funds for each year as follows:

	1995	1994
Principal	$35,000	$35,000
Interest	10,547	11,728
	$45,547	$46,728

NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 1995 and 1994

D. Investment in Plant:

The School's plant consisted of the following at June 30:

	1995	1994
Buildings, land and grounds	$10,084,373	$ 9,975,683
Furniture and equipment	4,149,726	3,851,479
	14,234,099	13,827,162
Less accumulated depreciation and amortization	9,425,014	8,684,287
	4,809,085	5,142,875
Construction in progress	1,008,286	257,140
Art and artifacts	95,650	95,650
Total investment in plant	$ 5,913,021	$ 5,495,665

E. Retirement Plans:

The College sponsors a defined contribution retirement plan that covers all full-time employees who have attained the age of 26 and have completed one year of service. Employees contribute 5% and the College contributes 10% of the participating employees' earnings. In 1995 and 1994, the College's contributions totalled $381,598 and $336,668, respectively.

F. Line of Credit:

In April, 1991 the College opened a line of credit with Family Bank for $1,500,000. In May, 1993 the College's line of credit with the Family Bank was increased from $1,500,000 to $4,500,000. At June 30, 1995 and 1994, $4,500,000 and $4,500,000, respectively, were outstanding on this line of credit. In May, 1995 the College opened a second line of credit with Family Bank for $500,000. At June 30, 1995, $500,000 was outstanding on this line of credit. Bank advances on the above credit lines are payable on demand carry interest rates equal to the bank's base rate.

NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 1995 and 1994

G. Notes Payable:

	1995	1994
Note payable to Family Mutual Savings Bank in the principal amount of $57,000, dated January 26, 1995, at an interest rate of 8.5%, collateralized by securities, is payable in 36 monthly payments of $1,799	$ 49,946	
Note payable to GMAC in the principal amount of $11,000, dated November 22, 1991 at an interest rate of 6.9%, collateralized by an automobile, is payable in 36 monthly payments of $340		$ 1,651
Note payable to Family Mutual Savings Bank in the principal amount of $1,500,000, dated July 17, 1991, at the Bank's Base Rate, collateralized by certain marketable securities, interest only due through December 31, 1991, thereafter principal and interest on a twenty year direct amortization schedule, and is due in full on July 17, 1996	1,361,632	1,403,802
Note payable to Kubota Credit Corporation, U.S.A. in the principal amount of $14,024, dated August 5, 1994, at an interest rate of 8.00%, collateralized by equipment, is payable in 36 monthly payments of $439	10,459	
Note payable to Aramark Corporation in the principal amount of $49,824, dated January 1, 1995, noninterest bearing, collateralized by equipment, is payable in 260 weekly payments of $192	44,842	
	$1,466,879	$1,405,453

The aggregate amount of long-term debt matures as follows:

June 30, 1996	$ 68,111
1997	1,360,716
1998	23,104
1999	9,965
2000	4,983
	$1,466,879

H. Obligations Under Capital Leases:

Leases that meet the criteria of capital leases have been capitalized and the related office equipment is included in furniture and equipment in the following amounts:

	1995	1994
Furniture and equipment	$194,559	$194,559
Less: Accumulated amortization included in depreciation expense	106,270	67,358
	$ 88,289	$127,201

Minimum future lease payments under capital leases as of June 30, 1995 for each of the next five years and in the aggregate are:

June 30, 1996	$41,807
1997	19,520
1998	2,994
Total minimum lease payments	64,321
Less amount representing interest	5,050
Present value of net minimum lease payments	$59,271

I. Loans from Consolidated Fund to Current and Plant Funds:

On May 15, 1987, the Board of Trustees authorized a loan of $500,000 from the consolidated fund to the plant fund and also resolved that the loan should bear interest at the rate of 5% per annum.

	1995	1994
Outstanding balances at June 30:		
Loan to plant fund	$500,000	$500,000

During the years ended June 30, 1995 and 1994, the interest expense, which amounted to $25,000 each year, was recorded in the current fund.

J. Cash Reserve Fund:

The Cash Reserve Fund was established to provide a source from which the administration may borrow on a short-term basis to finance current operations without incurring the high interest costs associated with commercial loans. In addition to the specific donations received to establish this fund, the Board of Trustees designated certain unrestricted gifts to be added to this fund.

Subsequent to establishing the Cash Reserve Fund, the Board of Trustees approved non-interest bearing loans from the Cash Reserve Fund to the Current Fund, to be repaid as the cash flow of the College permits. At June 30, 1995 and 1994, the outstanding balances of these loans were $411,776 and $411,776 respectively.

K. Related Party Transactions:

In the normal course of business, the College purchases certain supplies and services from firms with which various members of its Board of Trustees are affiliated.

Kingsbury Avenue Corporation is a wholly-owned subsidiary of the College. At June 30, 1994, Kingsbury Avenue Corporation owed the College, net of a valuation reserve of $100,000, $21,100. During the year ended June 30, 1995, the College realized a loss on this investment of $27,730.

L. DOE Dormitory Bonds Sinking Fund Account:

During September 1987, the Department of Education reinstated the reserve requirements whereby the College must make deposits into the Bond and Interest Sinking Fund and Repair and the Replacement Reserve Accounts in accordance with the provision of the bond indenture (see Note C).

Under the indenture, the College is not required to contribute more than $33,000 on any March or September 15th from its own funds to satisfy the requirements of the bond indenture. On each March 15th and September 15th, the College is required to attain balances of $73,000 and $88,000 with funds from the Project Revenue Account and its general fund for the period of 1987 through 1990. On October 1, 1991, the annual principal payment increased $5,000, thus the required balance in the Bond and Interest Sinking Fund increased to $75,500 at March 15th and $93,000 at September 15th.

L. DOE Dormitory Bonds Sinking Fund Account: (Continued)

The indenture requires that any amount in the Project Revenue Account in excess of the required semi-annual transfers to the Bond and Interest Sinking Fund Account be transferred to the Repair and Replacement Reserve Account as follows:

(a) Up to $2,500 to the equipment reserve until such account equals $45,000;
(b) Up to $5,000 to the repair reserve account.

M. Subsequent Event:

After the fiscal year end of June 30, 1995, on September 19, 1995, the College received an unrestricted gift of $1,535,000.

N. Contingencies:

The College has entered into an agreement with the Massachusetts Education Loan Authority to sell student loans to the Authority on a recourse basis. As of June 30, 1995 and 1994, no loans were in default.

The Internal Revenue Service reviewed the records of the College for the years ended June 30, 1986 - 1988 and assessed the College $79,824 for payroll taxes for the adjunct faculty plus interest and penalties. The claim was settled in July, 1991 for $15,864. The College is investigating whether there is any state tax liability on this issue and has recognized a contingent liability in the amount of $14,000 for the years ended June 30, 1995 and 1994.

O. Loan to Plant Fund:

On October 13, 1989, the Board of Trustees approved a loan from the Current Fund to the Plant Fund in the amount of $202,000 for capital expenditures and debt service for the year ended June 30, 1989. The loan is to be repaid to the Current Fund over eight years, commencing with the year ending June 30, 1992.

NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 1995 and 1994

P. Pledges and Grants Receivable:

Pledges and grants receivable as of June 30, 1995 and 1994 amounted to $775,209 and $311,954, respectively. The amounts consist of:

	1995	1994
Restricted pledges	$ 26,154	$ 14,293
Endowment pledges	989,816	697,661
Less reserve for uncollectible pledges	(240,761)	(400,000)
Net endowment pledges	749,055	297,661
Total pledges	$ 775,209	$ 311,954

R. College Facilities Loan:

On June 21, 1990, the College entered into an agreement with the U.S. Department of Education to borrow up to $1,500,000 to finance the cost of building or renovating the College's facilities. The loan bears interest at the rate of 5 1/2% per annum. The principal and interest are payable in level semi-annual installments of $51,330 over a term of 30 years, commencing upon completion of construction, which began in November, 1990 and was completed in December, 1992. As of June 30, 1995 and 1994, $1,446,758 and $1,468,928, respectively of the total $1,500,000 was used.

The loan is secured by a mortgage which is a first lien on the building site of the improvements, Academy Hall, including the furniture, furnishings, and equipment located therein. The loan is payable from a first lien on and pledge of tuition and fees.

The College is required to establish a Debt Service Reserve Account, into which the sum of $12,835 should be deposited on or before each September 15 and March 15, commencing upon completion of construction, until $102,680 has been accumulated.

S. Tuition, Board and Room:

For the years ended June 30, 1995 and 1994, tuition, board and room has been reported net of student aid and federal and state student financial aid grants as follows:

	1995	1994
Tuition, board and room, gross	$7,399,542	$6,273,893
Student aid	(3,110,348)	(2,519,879)
Federal and state student financial aid grants	(319,084)	(322,043)
Net tuition, board and room	$3,970,110	$3,431,971

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